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RESERVE BANK



NEW ZEALAND

WELLINGTON, N.Z.

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NOTE: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

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Foreign Exchange

XII - REMEDIES FOR BALANCE OF PAYMENTS DISEQUILIBRIUM

THE PREVIOUS ARTICLE IN THIS SERIES analysed and defined what constitutes equilibrium in a country's balance of payments and listed five measures which might be used to overcome a serious disequilibrium. These measures were:—

- (a) Special borrowing to help maintain a desired flow of imports;
- (b) Alterations in exchange rates;
- (c) Taxes and subsidies designed to influence external trade;
- (d) Exchange and import controls;
- (e) Disinflationary policies designed to reduce monetary demand.

(Note: This discussion relates only to the problems raised by an adverse balance of payments and a serious drop in monetary reserves. Favourable balances seldom cause embarrassment and are usually self-adjusting.)

In considering what is the appropriate action to take to deal with a serious deficit in the balance of payments, these points must be kept in mind:—

1. The choice of action cannot be made a long time in advance. Each situation must be dealt with on its merits; no two situations are the same.
2. The objective is to achieve not an artificial stability in monetary reserves, but a true equilibrium, as defined in the previous article.
3. There may be a conflict between the objective of equilibrium in the balance of payments and other objectives, such as internal price stability or full employment.

It is useful to distinguish between three types of action which might be taken. First, there are measures of a "stop-gap" nature, i.e. to stop a serious decline in monetary reserves by a system of controls, but without doing anything to correct the basic causes of the disequilibrium. Secondly, there are corrective measures which try to go to the root of the trouble and to restore true equilibrium. Then there is a third type—the major surgical operation undertaken when the other methods have either been rejected on other grounds or have failed to produce sufficient results—namely currency devaluation.

Stop-gap Measures

(a) External Borrowing: When the deficit in the balance of payments, though serious, is likely to be temporary, external borrowing could provide useful relief and avert the need to adopt more severe measures, such as exchange restrictions or devaluation. However, a country with falling monetary reserves does not look a good risk to would-be lenders, and borrowing may be difficult. It was partly to meet such situations that the International Monetary Fund was set up. The intention is that member countries whose reserves of foreign currency are temporarily inadequate can, in effect, borrow on short term from the Fund, and thus will not need to adopt restrictive measures harmful to international trade.

Borrowing for long periods would undoubtedly assist the balance of payments, but is justified rather as a means to economic development than as a device for safe-guarding monetary reserves. The economic development might, in the long run, stimulate exports

and provide substitutes for some imports, but these effects are remote and uncertain.

(b) Taxes and Subsidies: It is possible for a country which is in deficit to try to restore balance by stimulating exports with subsidy payments, or to discourage imports by means of taxes. Such methods have the advantage that they can, if necessary, be applied selectively, in relation both to different commodities and to different countries. On the other hand they are slow and uncertain in their effects, and the question of their adoption has to be decided on the basis of the consequences not only on the balance of payments, but also on public finance, incomes, protection of local industries, and prices. Taxes and subsidies are seldom used as a device to restore equilibrium in the balance of payments.

(c) Exchange and Import Controls: There is a wide variety of possible methods by which controls can be applied to external transactions; but they have the same general purpose, namely the rationing of foreign currency in order to keep payments down to the level of the funds available. Usually there is a partial or complete mobilisation of receipts of foreign exchange so that the maximum funds are available for rationing; and there is a system of priorities in respect of payments so that the more important or urgent needs can be met first, special attention being given to restrictions on capital transfers. The administration of the rationing system may be in the hands of a Governmental authority issuing import licenses, or of a banking authority issuing permits to buy foreign currency. In some countries the system is further complicated by such devices as multiple exchange rates (i.e. different rates for different classes of transactions), special exchange taxes, or free markets for permits to buy foreign currency. (The exchange control system operating in New Zealand will be described in later articles.)

Exchange and import restrictions, as a remedy for balance of payments deficits, possess both advantages and disadvantages. The main advantages are that they can be applied quickly and selectively, discriminating against luxuries in favour of essential goods and services and if necessary discriminating between foreign currencies. They are also flexible, so that they can readily be adapted to changing circumstances.

The principal disadvantages of exchange and import restrictions are that they involve considerable administrative work and individual decisions, and that they do not change the underlying causes of an unfavourable balance of payments. Hence unless other measures are used or some fortuitous circumstance such as a rise in export prices occurs, they are more in the nature of a palliative than a cure. Their relaxation or complete removal tends to become difficult. For this reason they are more suited to counteracting a temporary or short-term disequilibrium than correcting one that is "fundamental".

A further disadvantage of exchange restrictions is that when the quantity of imported goods is regulated by administrative procedure scarcities may result and prices tend to rise.

Despite these disadvantages exchange and import

restrictions are probably the most effective way to prevent a loss of reserves, especially if proper corrective action is taken at the same time and the restrictions are removed as soon as possible.

Import restrictions are recognised as a legitimate measure in Article 12 of the General Agreement on Tariffs and Trade, which permits a country to adopt import restrictions to the extent necessary "(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or (ii) in the case of a country with very low monetary reserves, to achieve a reasonable rate of increase in its reserves."

The same Article in G.A.T.T. also recognises that a country's domestic policies relating to full employment or economic development may so stimulate imports and reduce exports that a balance of payments deficit results, and import restrictions become necessary. It allows countries to maintain import restrictions even though they could be rendered unnecessary by the abandonment of those domestic policies. It is made clear, of course, that any restrictions which are adopted should be no more severe than is absolutely necessary and should not discriminate—except to the extent required by currency conditions—between different countries. It is assumed, too, that domestic policies of full employment and economic development should be soundly financed.

Corrective Measures

In the previous article on "equilibrium" it was stated that internal inflation is probably the most important single factor causing disequilibrium in a country's balance of payments. An obvious deduction would be that disinflation is the best remedy. However, disinflation cannot be achieved overnight, and it may be necessary to adopt "stop-gap" measures in order to give time for disinflationary policies to be put into effect. Inflation is the condition in which total demand for goods and services at current prices exceeds the supply. Disinflation is the process of removing the excess demand, since in the short run supply cannot be significantly increased. The methods of disinflation lie outside the scope of this article. The justification for it lies in its stabilising effect on demand and prices, including the demand for foreign currency to pay for imports. One essential point—and one which distinguishes modern economic policy from that of the gold standard days—is that the process of disinflation should not be carried to the point where unemployment becomes a problem. At that point it is probably preferable, in terms of human welfare, to have exchange and import controls or even devaluation rather than chronic unemployment. Under gold standard conditions if gold was lost through an adverse balance of payments, a contraction in economic activity and prices was induced by the remedial measures of the banking system, until balance was again restored. The result was that some degree of domestic stability was sacrificed in the interests of external equilibrium. Since the abandonment of the gold standard, countries have placed increasing emphasis on policies of internal stability and full employment, so that measures to prevent a loss of monetary reserves have been adopted in the light of their effect on these objectives.

Devaluation

An exchange rate which may be appropriate

in one period may later become inappropriate because of changing circumstances. In these days it is not uncommon for a currency to become "over-valued", i.e. its value in relation to other currencies is too high, the struggle to achieve equilibrium in the balance of payments imposes too severe a strain on that country's economy, and "devaluation" becomes necessary. Evidence of over-valuation of a currency can be seen in difficulties experienced in selling exports at prices remunerative to producers, owing to a deficiency of demand in export markets or to excessively high production costs; in a tendency for export commodities to be absorbed in the home market; in an abnormally high demand for imports; and in a need for import restrictions so severe that standards of living suffer and industries are dismissing workers because of inability to obtain enough raw materials. If the "stop-gap" measures have been tried, if the Government has gone as far with disinflation as it is willing, and the decline in monetary reserves continues, then devaluation of the currency is likely to be decided upon. Once the possibility of devaluation is realised there will be a "flight" from the currency, i.e. a rush to sell holdings of it before the exchange value of those holdings is reduced. This in itself will so reduce monetary reserves further that the possibility of devaluation becomes a probability. The effect of devaluation is usually—

- (a) to end the rumours of devaluation and thus to put an end to the "flight" from the currency (assuming that the degree of devaluation is adequate and that no further downward changes are expected);
- (b) to put up the cost (in terms of local currency) of imports and thus to discourage expenditure on imports;
- (c) to enable exporters to reduce the price of their goods in terms of foreign currency and thus to increase the volume of their sales.

It does not necessarily follow that, in every situation of over-valuation of a currency, devaluation provides a complete remedy, or is wholly beneficial in its effects. Much depends on world market conditions, the response of demand to changes in prices of exports, and the ability of the country concerned to expand the supply of exports. It is also important that the country concerned should not regard devaluation as a means of avoiding the need for disinflationary action. Nevertheless devaluation is regarded by the International Monetary Fund—the inter-governmental body concerned with the exchange rates of member countries—as permissible, and even appropriate action in certain circumstances. Article IV of the Fund Agreement states that the Fund must approve a proposed change in the rate of exchange of a member country's currency "if it is satisfied that a change is necessary to correct a fundamental disequilibrium". What constitutes a "fundamental", as distinct from a temporary or slight disequilibrium, is nowhere officially defined, but presumably it corresponds roughly with the condition of persistent over-valuation as described above.

In this short space it is not possible to analyse in any detail the *pros* and *cons* of devaluation, exchange controls, and so on. This article merely serves to outline what action might be adopted to deal with disequilibrium in a country's balance of payments.

1951 Legislation

Parliament adjourned on 6th December after passing 104 Bills during the year. In the two sessions, separated by the general election, the House passed 78 Public Bills, 22 Local Bills and 4 Private Bills. Notes on some of the more important measures are given below:

1. Air Services Licensing Act: Establishes an Air Services Licensing Authority and provides that with the exception of certain services provided by aero clubs for members of the club, all commercial air services carried on in New Zealand shall be licensed by the Authority.

2. Customs Acts Amendment Act: *Inter alia* removes the exemption from surtax on motor spirits from the United Kingdom and certain other parts of the British Commonwealth; amends the regulations relating to passengers' baggage by omitting any limitations on the value of tools of trade and household effects admitted free and by allowing dutiable goods (other than tobacco, wines and spirits) to be brought in duty free up to a value of £10; abolishes the additional sales tax of 20 per cent on New Zealand manufactured wine.

3. Finance Act: Gives effect to miscellaneous financial provisions including the transfer of last year's budget surplus to the War Emergency Account; validates salary increases to judges, magistrates and senior government servants; makes certain amendments to the Stamp Duties Act; repeals provisions requiring returns to be made of deposits with building societies, investment societies and trading companies; empowers the Resident Commissioners at Rarotonga and Niue to accept deposits from traders, thus giving statutory recognition to a practice which already exists at Niue where there is no trading bank, and to a lesser extent at Rarotonga, and which assists the Administration in meeting the currency requirements of the islands.

4. Hospitals Amendment Act: Provides for the progressive abolition of rates levied by local bodies for hospital purposes, by an annual reduction of 1/12d. in the rate of levy during the next five financial years. The first reduction will be for the year ending 31st March, 1953, when the rate of levy will be 5/12d. in the £ on the value of land and its improvements. After 31st March, 1957, there will be no levy. The reduction and abolition of these rates will entail correspondingly increased expenditure on hospitals from the Consolidated Fund.

5. Industrial Conciliation and Arbitration Amendment Act: Provides for the election or appointment of union officials by secret ballot of financial members (or by such other method as may be approved by the Registrar); requires a secret ballot of the members of an industrial union to be taken before a strike or lockout takes place and empowers the Registrar of Industrial Unions to take a secret ballot as to the continuance of a strike or lockout; prohibits levies on members unless approved by secret ballot; authorises the Court of Arbitration, under certain conditions, to hold an enquiry into the election to any union office.

6. Land and Income Tax Amendment Act: Reduces from £15 to £10 the special rebate allowable to taxpayers of 65 years and over; makes universal superannuation assessable for income tax as from 1st October, 1951 (when the benefit is increased from £37. 10s. 0d. to £75 p.a. under the Social Security Amendment Act).

7. Land and Income Tax (Annual) Act: Fixes the rates of land and income tax for 1951-52. The surcharge on these basic rates is reduced from 15 per cent to 10 per cent, and the rebate to taxpayers, other than companies, public authorities and unincorporated bodies, is raised from £10 to £15.

8. Local Bodies' Loans Amendment Act: Empowers local authorities to raise certain loans by special order without taking a poll of ratepayers, unless the Local Government Loans Board requires a poll to be taken, or not less than 5 per cent of the ratepayers demand a poll or the local authority decides to hold a poll.

9. Military Training Amendment Act: Extends the Military Training Act, 1949, to men who were over 18 years of age but under 20 on 1st November, 1949, when the Act came into operation. Those who were under 19 at that date are liable to service in the same way as those subsequently reaching 18. Those over 19 but under 20 have to register and serve 4 years on the Reserve.

10. Minimum Wage Amendment Act: See August "Bulletin".

11. Police Offences Amendment Act: Forbids the making, printing or publication of any statement or document advocating violence, lawlessness or disorder, or expressing seditious intention, and makes unlawful acts of intimidation and picketing in certain circumstances done with intent to induce a person to stay away from his work or his residence or to be a party to a strike or lockout.

12. Social Security Amendment Act: Increases universal superannuation benefits as from 1st October, 1951 from £37. 10s. 0d. per annum to £75 with annual increments thereafter of £5 per annum instead of £2. 10s. 0d., and fixes the maximum benefit at £149. 10s. 0d. per annum (instead of £136. 10s. 0d.); validates increases in various monetary benefits as from 15th February, 1951; provides that universal superannuation is not liable to social security charge.

13. Supply Regulations Amendment Act: Extends for a further year, to the end of 1952, the Supply Regulations Act, 1947, and the regulations in force under it, which are:—the Building, the Export Prohibition and the Supply Control Emergency Regulations and their amendments.

14. Tobacco Growing Industry Amendment Act: Provides that growers' representatives on the Tobacco Board established by the Tobacco Growing Industry Act, 1935, shall be elected by growers instead of being appointed by the Governor-General on the recommendation of the Minister as is now the case.

15. War Pensions Amendment Act: Increases the rates of war pensions and allowances as from 15th February, 1951, makes other miscellaneous amendments to the War Pensions Act, 1943, and implements the recommendations of the Commission of Inquiry appointed in 1950 to inquire into war pensions.

16. Wool Commission Act and Wool Proceeds Retention Amendment Act: see December "Bulletin".

17. Workers' Compensation Act: see August "Bulletin".

18. Workers' Compensation Amendment Act (No. 2.): Increases maximum amount of compensation payable on death or incapacity by £250 to £2,000, or, where weekly payments and a lump sum are both paid on death, £2,300.

Review of 1950-51 Wool Season

The 1950-51 selling season opened on a high note when, at the first sale held in Auckland on 13th November, 1950, values showed increases of 150 to 170 per cent on the first Auckland sale of the preceding season.

At subsequent sales values were generally maintained, though there was a slight easing before further rises in February which culminated in record prices at the Christchurch, Dunedin and Invercargill sales. At the Christchurch sale top price for the season of 240d. per lb. was obtained for some Merino ewe wool from Marlborough.

The wool selling programme was interrupted by the waterfront dispute in February, 1951, no further sales being held until 15th August. At this sale, held at Auckland, prices were 70 per cent down on those ruling in February and many lots were passed in, a contrast to the earlier sales where total clearances had been general. At the remaining sales prices fluctuated within narrower limits but remained above those of the 1949-50 season. The average overall price for the individual sales and a comparison with the two preceding seasons is shown in the table on page 14.

The total of greasy wool sold at auctions in New Zealand for the season was 882,986 bales, of which nearly 300,000 were disposed of at postponed sales. Total realisation was nearly £108 million at an overall average price of 87.8d. per lb. and £122. 3s. 11d. per bale. The following table shows the comparison with earlier seasons:—

SALES, REALISATIONS AND PRICES OF GREASY WOOLS

Source: N.Z. Woolbrokers' Assn.

Season	Bales Sold (000)	Value (£N.Z.000)	Average Price	
			per lb.	per bale
			(pence)	(£ s. d.)
1934-35	472	4,401	6.50	9 6 8
1938-39	707	9,221	9.19	13 0 11
1946-47	897	22,071	17.86	21 11 11
1947-48	827	29,352	25.14	35 9 6
1948-49	858	30,955	25.81	36 1 1
1949-50	891	47,268	38.03	53 1 1
1950-51	885	107,895	87.80	122 3 11

The trend in average prices over the season is shown by the following index computed from the Government Statistician's export price index for wool:

Quarter Ended	Index
	(Base: June 1950 = 1000)
1950 June,	1000
September,	1614
December,	2371
1951 March,	2514
June,	1060

Sales of Joint Organisation stocks continued during the season and by 30th June, 1951 the entire stock had been disposed of except for 4,495 bales of New Zealand wool held up on account of the waterfront dispute. These have since been sold. Details of disposal are shown on page 15.

Receipts from exports of wool in the calendar years 1949 and 1950 (as shown by exchange control statistics) totalled £43.8 million and £84.6 million respectively, equal to 31.5 and 43.5 per cent of total export receipts for those years. For 1951 the receipts were £125.0 million, equal to 49.3 per cent of total export receipts. These increases are wholly due to the rise in wool prices.

In December, 1950, the Government took action to cushion the inflationary effects of this sudden increase in the income of wool growers. Details of the Wool Retention scheme, whereby a portion of each wool-grower's wool cheque was "frozen", are set out in the "Statistical Summary" for December, 1950, and in the "Bulletins" for May and September, 1951.

Latest figures available for the 1950-51 season place production at 372 million lbs. (greasy basis) compared with 390 million lbs. for 1949-50 and an average of 365 million lbs. for the other post-war seasons. Sheep population at 30th April, 1950, was 33.9 million, an increase of 1 million over the total for 1949. For the 1951-52 season it is estimated that wool production will be higher, due in part to double shearing but mainly to the increase in sheep population because of an unusual and large fall in the number of sheep killings for the 1950-51 season.

Current Notes

United Kingdom Gold and Dollar Reserves

In the fourth quarter of 1951, the sterling area gold and dollar reserves declined by \$934 million. At the end of December the United Kingdom gold and dollar reserves amounted to \$2,335 million, compared with \$3,269 million at the end of September and \$3,867 million at the end of June. In the third quarter of 1951, gold repayments to European Payments Union

amounted to \$106 million, while in October and November gold payments amounted to \$97.7 million. In December \$176 million was paid on account of the United States and Canadian loans, while the United Kingdom received \$6 million as a delayed payment under Marshall Aid.

Under an agreement between the Economic Co-operation Administration (E.C.A.) and the United Kingdom, when the European Payments Union was

formally ratified, the Economic Co-operation Administration guaranteed the United Kingdom against gold losses incurred as a result of E.P.U. nations drawing on the sterling balances they held before June, 1950. Under this agreement \$39.9 million was credited to the United Kingdom's account from the funds of the Mutual Security Agency (formerly E.C.A.) on 3rd January, 1952.

In addition to the payment of the instalment on the North American loans and gold losses to E.P.U., the main reasons for the continued decline in the reserves were a further reduction in earnings from sterling area exports to the dollar area, both from the United Kingdom and other sterling area countries, and the continued high level of expenditure in the sterling area on dollar imports. United Kingdom purchases in the dollar area have been at approximately the same rate as in the third quarter but, as far as can be seen, dollar expenditure by the rest of the sterling area has continued to rise. The replacement of Persian oil by dollar oil is still an important factor. The import cuts amounting to £350 million which the Chancellor of the Exchequer announced in November have not had time to be reflected in an improvement in the dollar or E.P.U. deficits. The new monetary measures announced at the same time to counter inflationary demand will also take a little time to show any effect in arresting the balance of payments deficit.

Overseas Exchange Transactions, 1951

During the calendar year 1951 recorded receipts and payments of overseas currency through the New Zealand banking system showed a surplus of receipts of £16.1 million, compared with £14.5 million in 1950. A summary of transactions is given below (in £N.Z. millions):—

	1950	1951
Exports	194.6	253.8
Other Receipts	19.0	22.3
Imports	162.7	220.1
Other Payments	36.4	39.9
Surplus	14.5	16.1

For the dollar area (U.S.A., Canada, and "American Account" countries) the surplus was £8.1 million, compared with £7.4 million in 1950.

Repayment of United States and Canadian Loans

It was announced on 1st January, 1952, that the United Kingdom had made the first payment of interest and principal on the United States and Canadian loans of 1946. The amount lent by the United States was made up of a "line of credit" of \$3,750 million, while \$650 million was to be paid by the United Kingdom in final settlement of lend lease.

The Canadian loan totalled \$1,250 million. On 20th February, 1951, the U.K. Chancellor of the Exchequer, Mr. Gaitskell, announced that owing to the improvement in the United Kingdom gold and dollar reserves, the \$65 million of the Canadian loan not yet used would remain undrawn.

Each loan carried a rate of interest of 2 per cent and was to be repaid in equal annual instalments over a period of 50 years starting in December, 1951. The annual instalment on the U.S. loan and lend-lease settlement is \$138.5 million, and on the Canadian loan \$37.7 million, a total of \$176.2 million made up of \$65.5 million in principal and \$110.7 million in

interest. Under original loan agreements the United Kingdom government had the right to waive payment of interest in any year if the United Kingdom's balance of payments position and monetary reserves warranted. Though the dollar position was not good at the end of 1951 this right of waiver has not been used.

Import Licensing

Following recommendations from the Board of Trade, the Minister of Industries and Commerce announced on 11th December, 1951, two policy changes in the import licensing system. These were:—

- (a) The establishment of a "world exemption" classification permitting free importation from any source of sulphur (excluding colloidal sulphur); petrolatum; certain oils, including mineral lubricating oils; carbon black (excluding acetylene black); asbestos fibre; and rosin.
- (b) A new class of licence called "open licences" will be granted, as applied for, for eighteen commodities. The purpose is to facilitate acceptance of offers of scarce materials. The 18 commodities include artificers' tools, iron sheet and plate, corrugated sheet iron, ball and roller bearings, copper and other non-ferrous metals, pipes and tubes, timber, and sausage casings of animal origin. The scheme applies at present to 1952 only but provides for review of "open licences" from time to time if supplies from soft currency sources improve.

Further, on 15th December, 1951, it was announced that applications for licences for goods of a type not made in New Zealand would be considered. These include a wide range of items, but as it is not always practicable to define the different classes of goods, importers must clearly show that they are not locally made.

Wool Sales

The 1951-52 season wool sales opened at Auckland on 12th November, 1951, and seven further sales were held before the end of December.

The North Island sales were marked by small catalogues and disappointing clips due to interrupted shearing and poor weather conditions. Prices at the Auckland sale averaged about 52d. per lb. and were some 7½ per cent above the final sale for the 1950-51 season. At subsequent North Island sales there was a tendency for prices to ease. In the South Island, where offerings generally were of better quality and more attractive to buyers, prices rose at each successive sale but did not reach the level ruling at Auckland.

Monetary Policy in United Kingdom

Since early in November the United Kingdom Government in conjunction with the Bank of England has made several changes in monetary policy and procedures. They involve, in general, a partial return to the use of monetary methods to control inflation, by the use of interest rates and the regulation of the money market. The main aspects of the new policy are outlined below.

On 7th November, the Chancellor of the Exchequer announced that the Bank Rate (the rate at which the Bank of England will rediscount approved bills) would be raised from 2 to 2½ per cent for all bills other than Treasury Bills. For 7 day loans against Treasury Bills a special rate of 2 per cent would be introduced.

The Bank of England's agent in the money market would no longer buy all bills offered to it, so that commercial banks would no longer be able to replenish their cash reserves as desired. The new rates would thus become effective rates instead of nominal ones.

Other anti-inflationary measures announced by the Chancellor at the same time included a slowing down of the rate of strategic stock-piling of commodities; a new excess profits tax effective from 1st January, 1952; an increase in the rate of interest on Government loans to local bodies, from 3 to 3½ per cent; and economies in departmental expenditures.

On 13th November, £1,000 million of short-term Government stock at 1½ per cent was issued in substitution for an equivalent amount of Treasury Bills. As a substantial proportion of the Treasury Bills thus "funded" were held by commercial banks, and as the stock issued was less "liquid" than the bills, pressure was thereby placed on the banks to improve their liquidity position by exercising caution in their lending operations.

On 8th December, new instructions were sent to the Capital Issues Committee to tighten up its control of new issues on the capital market. The banks were asked to adopt similar principles in respect of loans to their customers, and in particular—

- (a) To intensify their efforts to restrict their loans to essential purposes;
- (b) Not to give facilities for the speculative buying or holding of securities, property, or commodities;
- (c) To limit finance for hire purchase;
- (d) Not, in general, to make advances for capital expenditure;

A consequence of the actions outlined above has been a fairly general though moderate rise in interest rates, and bank credit is not so easy to obtain. By helping to check internal inflation, these measures will supplement others aimed directly at correcting the balance of payments disequilibrium.

London Foreign Exchange Market

As from 17th December, 1951, a considerable degree of freedom has been restored to the foreign exchange market in London, which since September, 1939, had been subject to official controls. The new system may be summarised as follows:—

1. Whereas the commercial banks, as "authorised dealers" previously dealt in foreign currencies only as agents of the Bank of England and at exchange rates fixed by the Bank, they will now be free to operate on their own account.

2. "Spot rates" for foreign exchange will no longer be fixed by the Bank of England, but will be free to fluctuate, in accordance with supply and demand, within limits prescribed by the Bank. For U.S. dollars—the "key" rate—the limits are \$2.78 and \$2.82 to £1 sterling, compared with the previous official rates of \$2.79½ and \$2.80½.

3. Forward exchange rates will be free to fluctuate in accordance with supply and demand instead of being fixed by the Bank of England.

The principles and procedures of exchange control are not significantly affected by the changes described above. Purchases of foreign currencies by United Kingdom residents are still subject to approval as required. It is hoped, however, that the new measures

will reduce the harmful effects of speculation in sterling, increase the "invisible" earnings of the United Kingdom in foreign currency, and thus improve the balance of payments position.

Exchange Dealings in New Zealand

The following press statement was issued by the Reserve Bank on 18th December, 1951:—

"The Reserve Bank of New Zealand announces that as a result of the arrangements made in London whereby the Bank of England has allowed operations in United States dollars to be handled by the London Foreign Exchange Market, some minor fluctuations in the New Zealand dollar exchange rates will be necessary.

For some years past, the Bank of England was the sole buyer and seller of foreign exchange in London and the rates quoted were fixed for long periods. In New Zealand the rates quoted by the trading banks were calculated on the basis of the Bank of England's official quotations, with the inclusion of the official buying and selling rates New Zealand on London, plus a small margin to cover additional costs. Whereas previously the London/United States dollar rate was fixed at buying \$2.80½ and selling \$2.79½ to £1 sterling, in future the rates will fluctuate between the wider spread now fixed by the Bank of England at buying \$2.82 and selling \$2.78. The actual daily rates will be determined by the London Foreign Exchange Market.

Forward exchange contracts in United States dollars will, in future, be quoted at rates determined by the forward exchange market in London, and the New Zealand quotations for forward exchange will be based on London rates.

It will be seen, however, that the effect of these new arrangements on New Zealand transactions will not be great. The middle or base rate for United States dollars in the United Kingdom remains at \$2.80".

Government Security Yields

During December the yield on New Zealand Government stocks continued to rise. The average yield on six long-term 3 per cent stocks, which was £3. 6d. 0d. on 26th November, had risen to £3. 7s. 7d. on 10th December, £3. 8s. 11d. on 17th December and £3. 9s. 2d. when the Stock Exchange closed for the year on 21st December. Individual long-term stocks were showing yields as high as £3. 10s. 8d.

Consumers' Price Index

The following table shows recent changes in the Consumers' Price Index (base 1st quarter 1949 = 1000):—

	Quarter Ended Dec., 1950	Quarter Ended Dec., 1951	Month of Dec., 1951
Meat and Fish	1206	1496	1511
Fruit, Vegetables and Eggs	1098	1511	1645
Other Foods	1238	1277	1290
All Food	1199	1382	1422
Housing	1028	1069	—
Fuel and Lighting	1208	1229	1229
Clothing and Footwear	1082	1277	—
Miscellaneous	1032	1119	—
All Groups	1105	1237	—

I—RESERVE BANK OF NEW ZEALAND

(£N.Z. thousands)

Liabilities and Assets

Average of Weekly Figures:	LIABILITIES						ASSETS							
	Bank Notes	Demand Liabilities				Other	Gold	Reserve		Invest- ments	Advances to State		Other Advances and Discounts	Other Assets*
		State	Banks	Wool Retention Accounts				Sterling Exchange	Other* Exchange		Market's Organs	Other		
1949	51,312	11,384	73,837			355	3,223	48,995		41,855	3,482	37,628	4,907	1,973
1950	55,126	15,446	74,239		117	1,115	4,269	51,319	256	31,313	5,096	52,245	5,378	2,277
1951	60,361	18,844	69,326		4,204	725	5,139	62,557	383	27,107	3,379	51,134	6,829	3,224
Figures for Week ending: 1951—Jan. 3	61,968	15,567	62,647		3,756	181	4,714	47,528	375	30,974	5,842	53,001	5,824	2,285
10	60,196	17,176	61,375		4,886	308	4,723	48,550	457	30,974	3,698	53,584	6,201	2,172
17	59,264	19,837	62,608		7,537	600	4,773	50,274	427	35,974	2,359	53,000	7,270	2,427
24	58,891	16,961	66,885		10,712	634	4,783	49,707	416	35,974	6,430	53,140	7,729	2,306
31	58,583	17,416	67,367		10,889	893	4,810	50,702	390	35,974	4,832	53,000	9,180	2,668
Feb. 7	58,443	21,150	64,881		10,765	332	4,815	53,410	440	35,974	2,075	53,000	9,948	2,265
14	57,937	23,879	63,472		11,683	521	4,822	55,687	425	35,974	2,114	53,000	10,406	1,421
21	58,015	24,686	67,198		11,192	482	4,859	57,949	343	35,974	3,836	53,000	10,522	1,571
28	57,704	29,924	67,390		7,859	722	4,871	56,333	289	35,974	6,199	53,000	8,855	4,576
Mar. 7	58,073	47,838	48,576		8,601	890	4,881	54,702	442	35,974	6,172	53,000	8,786	6,540
14	57,674	53,482	42,782		7,176	616	4,888	58,062	392	35,974	3,752	53,000	7,389	4,843
21	58,322	45,478	45,654		6,681	729	4,902	59,645	165	27,974	6,004	53,000	7,370	4,397
28	58,418	44,884	49,060		6,741	756	4,932	60,970	349	27,974	7,372	53,000	7,217	4,663
Apl. 4	58,135	39,085	51,539		5,406	662	4,949	62,668	379	25,974	6,240	50,000	7,153	4,256
11	58,234	36,765	55,816		3,521	689	4,950	62,962	516	25,974	5,843	50,000	7,265	4,254
18	58,361	34,157	58,365		3,756	683	4,959	63,472	500	25,974	5,678	50,000	7,344	4,129
25	58,675	21,673	65,834		3,849	657	4,959	64,916	544	15,974	9,607	50,000	7,270	4,182
May 2	58,870	19,685	67,503		3,871	521	4,986	68,617	290	15,974	5,846	50,000	7,070	4,487
9	58,712	14,597	68,308		3,089	612	4,990	69,170	366	10,974	5,425	50,000	6,896	4,345
16	58,516	15,265	69,409		2,626	705	5,023	69,656	222	10,974	5,110	51,017	6,911	4,482
23	58,416	14,644	77,001		1,567	653	5,055	71,726	444	10,974	7,172	52,705	6,885	4,309
30	58,413	10,544	75,902		1,238	4,718	5,071	73,802	170	10,974	5,842	50,694	6,832	4,174
June 6	58,866	8,898	76,561		1,459	966	5,080	74,821	324	7,974	4,394	50,000	6,707	4,232
13	58,819	9,494	73,026		2,965	1,830	5,092	75,034	458	7,974	3,587	50,000	6,707	4,073
20	59,307	10,194	73,682		2,670	2,718	5,148	76,918	226	7,974	4,315	50,000	6,495	3,470
27	59,804	11,589	73,694		2,879	1,913	5,157	78,120	419	7,974	4,033	50,000	6,495	3,714
July 4	59,492	8,386	71,908		4,891	864	5,170	75,483	411	7,974	2,613	50,000	6,322	3,503
11	59,954	12,519	69,663		6,689	687	5,177	77,145	520	7,974	2,143	52,707	6,322	3,438
18	60,287	11,241	75,658		4,769	676	5,194	78,970	348	11,974	2,021	50,804	6,235	2,933
25	60,624	9,874	75,294		4,882	719	5,203	78,483	460	11,974	1,929	50,000	6,235	2,950
Aug. 1	60,305	11,255	79,872		5,729	576	5,216	85,384	181	11,974	1,777	50,000	6,235	2,801
8	60,465	16,233	75,650		6,772	519	5,217	86,312	437	11,974	1,697	50,033	6,235	3,604
15	60,384	16,245	76,088		5,987	493	5,262	86,943	390	11,974	1,664	50,088	6,235	2,445
22	60,689	17,060	78,801		5,507	403	5,267	82,416	338	19,457	1,877	50,108	6,235	2,725
29	60,374	14,183	81,660		5,024	444	5,306	79,164	524	22,675	1,300	50,146	6,019	2,585
Sept. 5	60,631	14,969	80,875		5,116	510	5,312	76,779	318	26,111	1,115	50,143	6,019	2,290
12	60,529	15,663	83,968		3,557	520	5,320	76,360	538	28,281	1,213	50,156	6,019	2,334
19	60,492	14,949	81,113		2,592	569	5,331	69,490	191	30,760	1,398	50,091	6,019	2,399
26	60,566	12,173	84,617		1,494	604	5,365	68,213	457	31,440	1,419	50,040	6,019	2,423
Oct. 3	60,678	13,193	82,125		1,583	711	5,385	67,140	442	31,750	1,302	50,068	6,019	2,082
10	60,662	12,381	81,811		1,275	805	5,388	65,814	355	32,148	1,316	50,000	6,019	1,779
17	60,906	15,164	80,163		1,201	195	5,400	62,205	284	32,130	1,348	54,086	6,019	2,075
24	61,493	10,998	83,601		930	309	5,407	62,058	293	36,132	1,374	50,000	6,019	1,965
31	61,298	13,744	79,248		882	292	5,418	59,003	358	36,132	1,373	50,000	6,019	3,097
Nov. 7	61,083	13,741	74,830		638	225	5,415	54,632	399	36,132	1,412	50,000	6,019	2,501
14	61,780	15,129	69,053		499	364	5,436	41,104	235	46,182	1,419	50,222	6,019	2,266
21	63,203	12,620	70,357		343	347	5,443	38,170	629	46,182	1,478	52,763	6,019	2,365
28	64,576	12,268	69,737		361	470	5,451	38,602	437	46,182	1,541	52,986	6,019	2,365
Dec. 5	65,623	15,835	62,688		390	353	5,465	36,226	445	49,182	1,565	50,023	6,019	2,198
12	67,341	17,020	58,428		76	317	5,468	32,208	325	49,182	1,655	50,350	6,019	4,175
19	69,363	18,183	55,326		20	524	5,494	30,136	418	52,182	1,389	50,000	6,019	4,055
26	69,366	9,975	65,896		34	191	5,506	29,131	558	54,182	2,586	50,000	6,019	4,069
1952—Jan. 2	69,101	12,988	60,027		41	138	5,519	26,465	521	54,182	1,474	50,000	6,019	4,300
9	66,948	13,619	60,375		43	277	5,550	26,355	519	54,182	737	50,572	6,019	3,511
16	65,288	13,985	58,168		53	665	5,558	22,902	909	54,182	775	50,863	6,019	3,227

† Held temporarily pending transfer to Wool Retention Accounts at trading banks. See text page 19 of February, 1951, issue.
Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".

II—TRADING BANKS

Liabilities and Assets

(£N.Z. thousands)

Average of Monthly Figures:	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time		Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities		Advances and Discounts	
		Wool Retention Accounts†	Other				Govt.	Other		
1945	99,836		31,634	131,470	52,402	13,647	29,335	2,473	51,618	40,274
1946	117,071		34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115		37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948*	138,211		40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699		39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526		39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
1951	196,663	19,589	39,815	256,068	83,278	27,276	11,716	1,527	133,079	72,230
Last Wednes- day in Month:										
1950—Dec. 20	186,616		39,538	226,153	70,339	22,013	11,730	1,634	108,979	71,347
1951—Jan.	194,692	784	39,805	235,281	79,759	32,482	11,730	1,590	112,617	72,294
Feb.	193,039	4,879	39,163	237,080	80,156	34,053	11,715	1,576	118,287	75,416
Mar.	193,709	9,644	39,770	243,124	60,784	31,504	11,715	1,574	133,271	70,364
Apr.	202,906	13,485	40,074	256,466	77,953	30,000	11,715	1,545	135,921	73,703
May	210,769	16,441	40,302	267,512	87,423	34,018	11,715	1,531	137,636	75,732
June	211,864	18,039	39,449	269,353	86,492	39,492	11,715	1,529	132,743	76,425
July	205,822	21,356	38,659	265,837	87,506	40,059	11,715	1,517	121,428	78,433
Aug.	187,780	25,934	39,199	252,913	93,920	23,712	11,715	1,502	127,001	73,216
Sept.	194,575	29,962	39,781	264,317	97,276	18,802	11,715	1,499	133,030	70,061
Oct.	188,055	30,736	41,093	259,884	91,572	14,108	11,715	1,495	143,227	67,347
Nov.	186,477	31,726	40,364	258,567	85,554	13,401	11,715	1,485	147,336	68,482
Dec. 19	190,265	32,088	40,125	262,478	70,941	15,680	11,715	1,483	154,456	65,282

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. † See text page 19 of February, 1951, issue.

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Sg.100 = £N.Z.100; previously £Sg.100 = £N.Z.124.

III—BANK DEBITS AND VELOCITY OF CIRCULATION*

	1938		1949				1950				1951			
	Index of Velocity of Circulation (Base: 1938 = 100)	Free Deposits (£N.Z. Millions)	Bank Deposits	Index of Bank Deposits	Index of Velocity of Circulation	Free Deposits	Bank Deposits	Index of Bank Deposits	Index of Velocity of Circulation	Free Deposits	Bank Deposits	Index of Bank Deposits	Index of Velocity of Circulation	
							</							

NOTE.—Free Deposits: Monthly average of weekly totals of trading banks' non-interest bearing deposits, excluding Government deposits and Wool Retention balances.

Bank Deposits: Estimated total bank debits, excluding Government debits. Totals include cheques drawn against overdraft accounts as well as debits against free deposit accounts.

Velocity of Circulation: Total monthly debits divided by the monthly average of free deposits.

* For monthly averages 1935 to 1949 see page 123 of the November, 1950, issue of the "Statistical Summary".

(£N.Z. thousands)

1. Net Overseas Assets (Revised Series)*

Last Wednesday in Month:	1948			1949			1950			1951		
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks
Jan.	84,819	50,770	14,038	64,809	46,862	16,498	63,360	58,413	32,482	90,895		
Feb.	94,240	54,329	15,536	69,865	49,179	18,125	67,304	65,198	34,053	99,251		
Mar.	89,636	58,227	16,749	74,975	54,076	20,100	74,175	68,254	31,504	99,758		
Apr.	95,551	60,998	16,730	77,728	58,362	23,924	82,285	72,410	30,000	102,410		
May	97,296	65,652	16,598	82,250	65,607	23,634	89,241	80,410	34,018	114,428		
June	100,017	66,364	13,623	79,987	68,411	18,605	87,016	83,824	39,492	123,316		
July	100,344	62,756	15,281	78,037	67,340	16,169	83,509	83,454	40,059	123,513		
Aug.	78,568*	58,312	13,435	71,747	66,099	12,302	78,402	94,150	23,712	117,862		
Sept.	72,804	54,832	11,166	65,998	57,635	13,374	71,009	91,914	18,802	110,716		
Oct.	66,487	49,474	12,691	62,165	54,916	13,927	68,843	83,855	14,108	97,963		
Nov.	63,138	46,961	13,141	60,102	53,871	9,670	63,541	72,947	13,401	86,347		
Dec.	66,052†	44,418†	15,320†	59,738†	50,971†	22,013†	72,984†	66,123	15,680	81,803		

* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments. † Wednesday before Christmas.

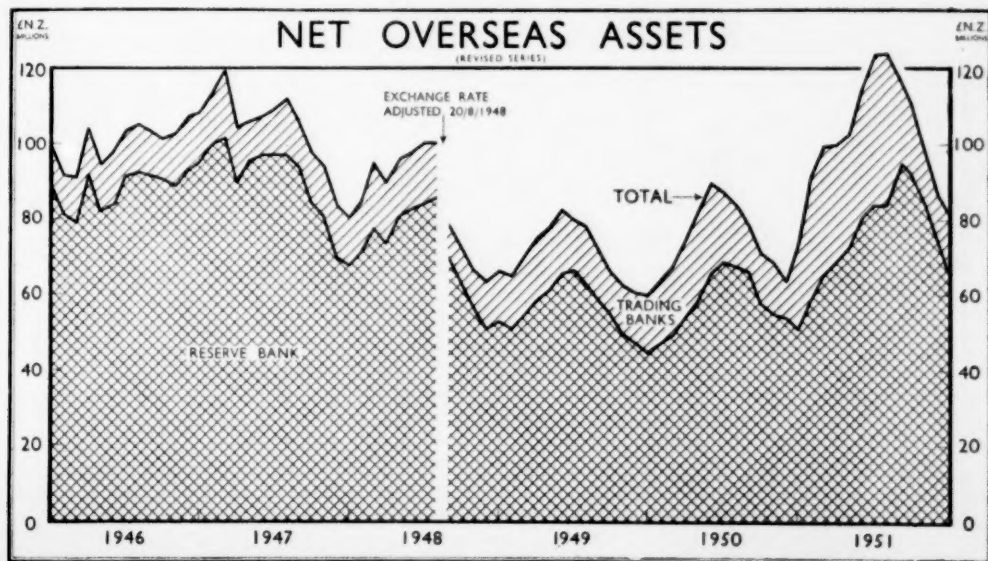
* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

(£N.Z. thousands)

2. Foreign Exchange Transactions of New Zealand Banking System

Calendar Month	1950					1951				
	RECEIPTS		PAYMENTS		Balance of Transactions	RECEIPTS		PAYMENTS		Balance of Transactions
	Exports	Other	Imports*	Other		Exports	Other	Imports*	Other	
Jan.	18,249	1,744	12,238	2,318	+ 5,437	30,042	2,125	13,938	3,027	+15,202
Feb.	17,500	1,657	12,749	3,133	+ 3,274	26,044	1,509	16,207	2,813	+ 8,532
Mar.	22,648	1,430	13,066	4,365	+ 6,647	15,546	2,188	14,773	2,485	+ 476
April	17,582	1,445	9,403	2,754	+ 6,870	18,810	1,544	13,428	2,973	+ 3,953
May	22,079	1,834	14,099	3,272	+ 6,543	23,626	1,484	12,765	2,357	+ 9,988
June	14,186	1,699	15,130	3,392	- 2,637	26,862	1,995	12,976	3,220	+12,660
July	11,685	1,817	11,994	3,701	- 2,194	21,429	2,007	15,498	7,067	+ 871
Aug.	10,486	1,980	14,566	4,040	- 6,140	17,083	2,135	21,287	3,425	- 5,494
Sept.	9,738	1,138	16,011	1,466	- 6,601	15,322	1,771	21,842	2,524	- 7,273
Oct.	11,609	1,278	14,338	3,326	- 4,777	19,707	2,025	26,959	3,479	- 8,706
Nov.	12,666	1,539	15,476	2,113	- 3,384	18,189	995	26,853	2,898	-10,569
Dec.	26,160	1,426	13,695	2,474	+ 11,417	21,188	2,510	23,629	3,653	- 3,584
Total	194,588	18,988	162,767	36,354	+ 14,455	253,847	22,287	220,153	39,923	+ 16,057

* Includes estimated payments for Government imports.



V-EXCHANGE CONTROL-ANALYSIS OF TRANSACTIONS

JANUARY, 1952

(N.Z. thousands)

1. Receipts from Exports - Monthly 1951

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Butter	5,963	5,500	3,344	3,453	3,906	2,229	2,125	3,515	2,932	5,429	5,854	5,413	49,663
Cheese	1,599	822	763	1,837	1,519	1,160	1,852	1,540	180	854	1,432	2,213	15,771
Meat	1,470	3,146	1,936	1,245	2,902	2,860	2,330	4,557	3,082	2,503	1,839	1,659	29,527
Wool	18,771	14,958	8,505	10,724	13,053	16,331	9,462	2,844	6,415	8,095	6,443	9,404	125,007
Sub Total	27,803	24,426	14,548	17,260	21,380	22,579	15,769	12,456	12,609	16,881	15,568	18,690	219,968
Sheepskins and Pelts	331	489	111	614	603	1,281	3,397	1,447	335	188	200	160	9,154
Hides and Skins	300	153	101	227	256	464	299	464	246	483	316	250	3,559
Rabbitskins	14	6	22	6	10	11	16	17	5	33	20	12	173
Sausage Casings	246	192	209	247	412	1,098	475	429	392	146	320	201	4,366
Dried and Preserved Milk	422	129	216	126	419	196	230	519	375	523	627	761	4,545
Casein	103	59	17	30	81	97	133	22	44	143	141	192	1,061
Meat By-Products	192	55	13	25	90	67	87	165	79	102	115	63	1,052
Tallow	150	120	68	69	144	458	190	387	419	537	211	79	2,832
Livestock	12	4	22	46	7	8	11	7	23	9	12	2	164
Fish	77	75	47	29	7	19	38	75	89	39	96	164	757
Fish and Whale Oil	1	4	11	—	—	3	10	11	2	13	6	3	65
Honey and Fruit	1	—	2	20	10	262	423	206	13	19	16	3	976
Tinned Foods	13	3	—	—	10	19	19	27	85	13	58	22	268
Seeds and Peas	246	87	48	38	65	134	171	530	316	230	236	317	2,419
Timber	36	39	18	43	10	4	2	48	89	197	73	126	684
Manufactured Goods	45	35	32	7	52	53	59	120	100	51	56	76	687
Sundry	50	167	61	24	69	106	101	152	100	100	119	67	1,117
Total	30,042	25,044	15,546	18,810	23,626	26,862	21,429	17,083	15,322	19,707	18,189	21,188	253,847

(N.Z. thousands)

2. Receipts from Exports - by Countries, 1951

	United Kingdom	Australia	Other Sterling Area	Total Sterling Area	U.S.A. and other American Accounts	Canada	Total Dollar Area	Belgian Monetary Area	French Monetary Area	Sweden	Switzerland	Other Countries	Total
Butter	45,144	3	1,509	46,656	437	828	1,265	1	943	—	—	798	49,663
Cheese	13,839	8	175	14,022	784	655	1,439	70	3	—	—	237	15,771
Meat	28,946	34	418	29,398	10	70	80	—	42	—	—	8	29,527
Wool	49,508	2,012	346	51,866	20,212	5,866	26,077	3,255	15,392	620	844	26,951	125,007
Sub Total	137,437	2,057	2,449	141,943	21,443	7,419	28,862	3,325	16,380	620	844	27,994	219,968
Sheepskins and Pelts	2,380	48	—	2,428	5,548	—	5,548	203	832	15	—	128	9,154
Hides and Skins	1,147	171	1	1,319	641	18	659	30	169	134	11	1,236	3,559
Rabbitskins	74	—	2	76	88	2	91	2	3	—	—	1	173
Sausage Casings	1,140	36	1	1,176	1,502	1,495	2,997	—	2	29	41	121	4,366
Dried and Preserved Milk	2,950	100	894	3,943	170	157	328	—	10	—	—	264	4,545
Casein	761	17	19	797	140	49	190	—	—	—	—	75	1,061
Meat By-Products	751	37	19	806	134	6	140	16	30	7	9	44	1,052
Tallow	1,658	58	192	1,908	—	—	—	6	49	27	—	842	2,832
Livestock	—	112	—	112	12	—	12	—	3	—	—	37	164
Fish	10	369	1	380	375	2	377	—	—	—	—	—	757
Fish and Whale Oil	5	60	—	65	—	—	—	—	—	—	—	—	65
Honey and Fruit	973	—	3	975	—	—	—	—	—	—	—	—	976
Tinned Foods	171	14	12	196	6	—	6	—	60	—	—	6	268
Seeds and Peas	1,211	614	23	1,849	360	77	438	45	11	2	9	65	2,419
Timber	4	680	—	684	—	—	—	—	—	—	—	—	684
Manufactured Goods	136	408	90	634	10	1	11	10	2	—	1	29	687
Sundry	325	268	182	775	173	1	174	19	25	—	9	114	1,117
Total	151,131	5,048	3,887	160,066	30,602	9,229	39,831*	3,656	17,575	835	925	30,958	253,847

* Includes £873,000 from American Account Countries, other than the U.S.A.

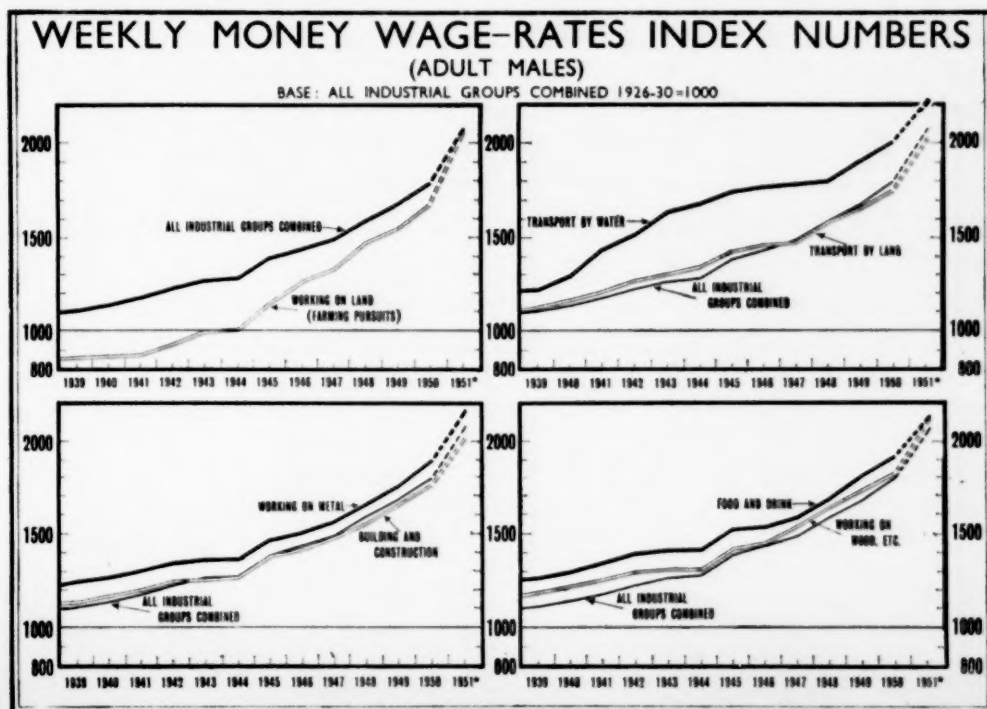
VI-WEEKLY MONEY WAGE-RATES INDEX NUMBERS (ADULT MALES) BY INDUSTRIAL GROUPS

Base: All industrial groups combined 1926-30 = 1000.

Source: Monthly Abstract of Statistics, Census and Statistics Department.

Industrial Group	YEAR ENDED 31st DECEMBER						At 30th Sept., 1951
	1939	1946	1947	1948	1949	1950	
Provision of:—							
Food and drink	1266	1533	1583	1678	1802	1916	2138
Clothing, footwear and textiles	1122	1464	1517	1601	1702	1825	2076
Building and construction	1126	1413	1478	1553	1650	1752	2015
Power, heat and light	1194	1474	1535	1616	1695	1794	2037
Transport by water	1217	1763	1780	1796	1898	2010	2233
Transport by land	1116	1460	1470	1579	1654	1744	2025
Accommodation, meals and personal service	1077	1326	1405	1475	1583	1651	1856
Working in or on:—							
Wood, wicker, seagrass, etc.	1179	1445	1535	1632	1725	1821	2122
Metal	1241	1504	1560	1651	1745	1894	2164
Stone, clay, glass and chemicals	1139	1401	1438	1515	1599	1710	1945
Paper, printing, etc.	1250	1523	1602	1671	1773	1896	2197
Skins, leather, etc.	1116	1384	1441	1499	1589	1688	1905
Mines and quarries	1117	1445	1546	1647	1727	1841	2078
The land (farming pursuits)	859	1259	1322	1470	1547	1681	2061
All Industrial Groups Combined	1100	1434	1489	1588	1678	1793	2079

NOTE: The index numbers in this table are comparable both vertically and horizontally. Where board and/or lodging is a usual perquisite attached to any occupation an allowance estimated to cover the value of such has been added to the money wage-rate.



* As at 30th September, 1951.

VII—WOOL TRADE

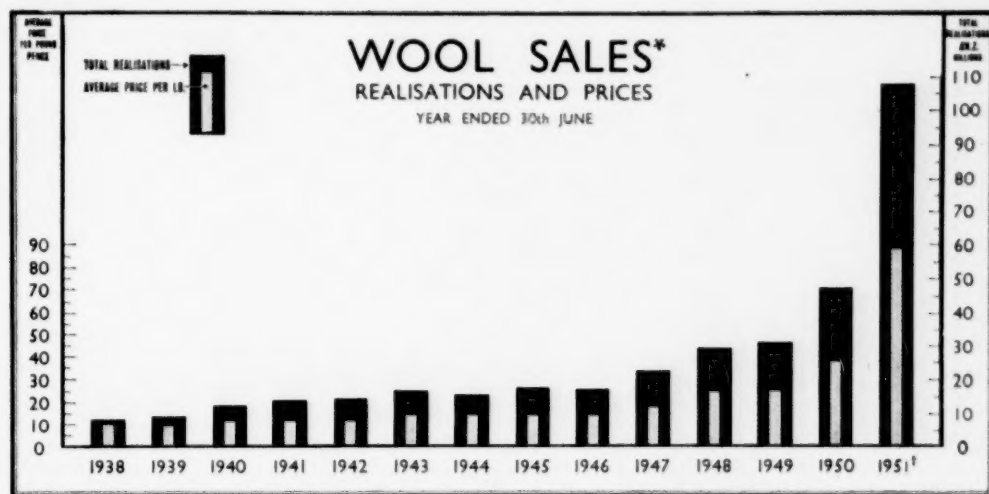
I.—Sales in Main Centres (Excluding J.O. Stock Wool)*

Source: N.Z. Woolbrokers' Association

Centre	Sale	1948-49 SALES			1949-50 SALES			1950-51 SALES		
		Quantity lb. 000	Value £000	Av. Price d. per lb.	Quantity lb. 000	Value £000	Av. Price d. per lb.	Quantity lb. 000	Value £000	Av. Price d. per lb.
Auckland	1st	2,084	160	18.47	1,363	92	16.25	2,099	441	50.36
	2nd	9,958	1,001	24.13	10,334	1,402	32.56	11,436	4,585	96.23
	3rd	14,814	1,552	25.14	15,663	2,638	40.42	15,416	7,423	115.56
	4th	10,128	884	20.95	10,429	1,471	33.86	8,120	1,255	37.09
	5th	5,326	397	17.89	5,814	955	39.43	7,823	1,749	53.66
		42,309	3,994	22.66	43,602	6,558	36.09	44,894	15,452	82.61
Christchurch	1st	1,415	122	20.75	1,407	99	16.83	1,868	430	55.28
	2nd	9,350	1,572	40.34	9,760	1,750	43.04	12,687	5,669	107.24
	3rd	9,379	1,465	37.49	10,220	1,973	46.33	13,724	8,323	145.55
	4th	9,539	1,254	31.55	9,759	1,896	46.63	8,524	1,317	37.08
	5th	5,359	498	22.31	4,589	936	48.93	—	—	—
		35,042	4,911	33.64	35,736	6,654	44.69	36,802	15,739	102.64
Dunedin	1st	1,735	116	16.07	1,318	85	15.40	1,780	396	53.40
	2nd	9,369	1,417	36.31	14,457	2,434	40.40	14,327	6,285	105.28
	3rd	9,868	1,360	33.06	10,526	1,980	45.16	9,967	5,959	143.47
	4th	9,745	994	24.49	10,846	2,033	44.99	10,077	1,613	38.42
	5th	4,396	425	23.19	—	—	—	—	—	—
		35,113	4,312	29.47	37,147	6,532	42.20	36,151	14,253	94.62
Invercargill	1st	1,704	125	17.67	1,222	80	15.80	1,358	309	54.62
	2nd	9,986	1,207	29.01	9,941	1,624	39.20	10,052	4,214	100.62
	3rd	10,310	1,002	23.34	10,321	1,656	38.51	10,309	5,912	137.65
	4th	8,038	695	20.74	7,355	1,239	40.44	8,895	1,498	40.43
		30,038	3,029	24.20	28,839	4,600	38.28	30,613	11,934	93.56
Napier	1st	2,031	184	21.73	2,471	174	16.87	2,294	480	50.26
	2nd	13,007	1,390	25.65	13,826	1,968	34.16	12,157	5,055	99.79
	3rd	14,726	1,539	25.08	15,070	2,517	38.70	15,335	8,258	129.25
	4th	14,529	1,353	22.36	14,770	2,173	35.30	13,776	2,469	43.01
	5th	6,164	479	18.64	5,684	984	41.56	7,637	1,352	42.49
		50,457	4,945	23.52	51,821	7,815	36.19	51,199	17,614	82.57
Timaru	1st	952	65	16.28	825	58	16.76	920	210	54.80
	2nd	9,769	1,472	36.17	10,570	2,047	46.13	9,805	4,196	102.71
	3rd	7,549	875	27.81	6,883	1,272	44.34	7,678	1,509	47.16
		18,270	2,412	31.68	18,278	3,376	44.33	18,403	5,915	77.14
Wanganui	1st	1,836	161	21.06	1,935	126	15.65	2,370	471	47.72
	2nd	8,704	887	24.65	10,758	1,432	31.94	8,776	3,482	95.21
	3rd	10,530	1,036	23.61	10,567	1,515	34.41	12,309	5,537	107.96
	4th	9,897	850	20.61	10,663	1,464	32.95	10,974	2,054	44.91
	5th	2,965	218	17.62	3,433	555	38.82	101	13	30.57
		33,933	3,152	22.29	37,356	5,092	32.71	34,529	11,556	80.32
Wellington	1st	2,033	192	22.71	2,172	154	17.03	2,580	548	50.97
	2nd	10,587	1,163	26.36	10,767	1,476	32.90	9,974	4,147	99.80
	3rd	13,956	1,377	23.69	14,707	2,100	34.27	14,686	7,741	126.51
	4th	9,628	942	23.49	10,801	1,701	37.79	9,102	1,788	47.14
	5th	5,950	483	19.48	6,440	1,169	43.56	5,495	1,114	48.64
		42,154	4,157	23.67	44,887	6,600	35.29	41,838	15,338	87.99
All Centres†		287,833	30,955	25.81	298,305	47,268	38.03	294,943	107,895	87.80

* Greasy wool only, excluding alpine and scoured wool.

† Includes small centres not listed.



2. Distribution of Wool Exports by Countries

(Bales thousands)

Source: New Zealand Wool Disposal Commission

Year ended 30th June	United Kingdom*	France	U.S.A.	Germany	U.S.S.R.	Canada	Netherlands	Belgium	Aust.-India Zone	Italy	Poland	Japan	Total All Countries*
1947 (11 mths.)	395	123	186	83	—	73	38	39	21	11	—	—	1,034
1948	554	195	59	50	57	38	49	33	30	13	1	—	1,113
1949	494	239	72	71	59	50	44	38	23	23	18	11	1,173
1950	541	114	153	94	31	34	46	36	23	22	12	11	1,156
1951	365	84	122	42	8	29	12	27	12	17	30	14	787

* Excluding wool shipped by the Joint Organisation.

Note: Owing to minor differences in the method of computation, the above figures do not correspond with those supplied by the Customs Department.

3. Transactions of Joint Organisation

(Bales thousands)

Source: New Zealand Wool Disposal Commission

	NEW ZEALAND			AUSTRALIA			SOUTH AFRICA			Total
	In New Zealand	In United Kingdom	Total	In Australia	In United Kingdom	Total	In South Africa	In United Kingdom	Total	
Stocks 1/8/45	n.a.	n.a.	1,777	n.a.	n.a.	6,796	n.a.	n.a.	1,834	10,407
Stocks 30/6/46	936	489	1,425	2,803	986	3,789	339	233	572	5,786
Stocks 30/6/47	752	340	1,092	2,526	550	3,076	224	123	347	4,515
1947-48 Season: Purchases	+ 2	—	+ 2	+ 22	—	+ 22	+ 7	—	+ 7	+ 31
Disposals*	- 87	-206	- 293	- 396	-431	- 827	-136	-72	- 208	-1,328
Shipments†	-156	+156	—	- 255	+255	—	- 2	+ 2	—	—
Stocks 30/6/48	511	290	801	1,897	374	2,271	93	53	146	3,218
1948-49 Season: Purchases	—	—	—	+ 3	—	+ 3	+ 1	—	+ 1	+ 4
Disposals*	-162	-228	- 390	- 554	-466	-1,020	- 67	- 45	- 112	-1,522
Shipments†	-136	+136	—	- 401	+401	—	- 6	+ 6	—	—
Stocks 30/6/49	213	198	411	945	309	1,254	21	14	35	1,700
1949-50 Season: Purchases	—	—	—	—	—	—	—	—	—	—
Disposals*	-78	-229	- 307	- 495	-380	- 875	- 20	14	- 34	-1,216
Shipments†	-104	+104	—	- 237	+237	—	—	—	—	—
Stocks 30/6/50	31	73	104	213	166	379	1	—	1	484
1950-51 Season: Purchases	—	—	—	—	—	—	—	—	—	—
Disposals*	- 9	- 91	-100	- 157	-222	- 379	- 1	—	- 1	- 480
Shipments†	-18	+ 18	—	- 56	+ 56	—	—	—	—	—
Stocks 30/6/51†	4	—	4	—	—	—	—	—	—	4

* Including adjustments for repacking, scouring, fire losses, etc.

† The 4,000 bales of New Zealand stocks have now been sold.

† Transfers of stocks.

VIII—PUBLIC WORKS AND HYDRO-ELECTRIC EMPLOYEES

JANUARY, 1952

Source: Census and Statistics Department

Average for Calendar Year	Roads, including Main Highways	Aerodromes	Railways	Hydro-Electric Works	Public Buildings†	Land Improvement, Drainage and Afforestation	Irrigation	Other Works	Total
1939	11,702	1,503	2,445	1,344	7,145	747	656	1,943	27,485
1940	7,493	1,636	1,777	1,770	6,291	493	976	2,276	22,712
1941	4,191	1,681	1,129	1,967	4,875	424	957	1,780	17,004
1942	2,847	1,918	502	1,323	2,055	170	377	5,491	14,683
1943	2,614	870	466	1,768	1,984	127	190	6,485	14,504
1944	2,816	324	475	2,754	4,052	133	236	3,493	14,283
1945	2,880	250	454	2,919	4,540	491		2,564	14,098
1946	3,380	399	396	3,249	5,427	555		2,273	15,679
1947	4,205	382	249	3,662	6,092	296	206	2,037	17,128
1948	4,446	417	134	3,823	7,079	282	153	1,885	18,219
1949	4,515	417	213	3,895	7,609	370	121	1,865	19,005
1950	4,472	436	333	4,410	6,902	336	148	1,849	18,886
Quarterly:									
1949—Mar.	4,422	402	176	3,907	7,220	305	102	1,934	18,468
June	4,648	422	176	3,763	7,583	454	135	1,882	19,063
Sept.	4,794	424	220	3,967	7,865	447	135	1,888	19,740
Dec.	4,417	406	279	4,061	7,779	320	101	1,840	19,203
1950—Mar.	4,779	410	301	4,053	7,491	320	120	1,991	19,465
June	4,395	422	342	4,486	7,003	352	147	1,836	18,983
Sept.	4,395	500	351	4,678	6,309	350	148	1,768	18,499
Dec.	4,215	420	398	4,787	5,831	322	251	1,764	17,988
1951—Mar.	4,223	368	295	4,681	5,058	340	125	1,777	16,867
June	4,316	361	285	4,763	4,790	356	110	1,771	16,752
Sept.	4,576	380	364	4,919	4,844	385	125	1,795	17,388

